

FREQUENTLY ASKED QUESTIONS

AB 32 Cost of Implementation Fee Regulation

ARB's AB 32 Cost of Implementation Fee Regulation sections 95200-95207 of title 17, California Code of Regulations, establishes a schedule of fees to be paid by sources of greenhouse gas (GHG) emissions to support the administrative costs of implementing AB 32. ARB staff has prepared this document to assist facilities and entities during the initial implementation of this Regulation.

What does revenue from the AB 32 Cost of Implementation Fee Regulation pay for, and how much money is collected?

The revenue is used to develop and implement programs to reduce the state's GHG emissions and improve air quality – such as more efficient households and buildings, vehicles, and lower-carbon gasoline. For fiscal years 2010-2011 through 2013-2014, the fee will also collect funds to repay loans that were used to start up the AB 32 program. Based on the 2010 Budget Act, the Total Required Revenue for fiscal year 2010-2011 is \$62.1 million. This total includes both implementation expenses (\$35.2 million) and repayment on program start-up loans (\$26.9 million). For more information on the state agencies funded, see the Funding Approved in the California Budget Act for Fiscal Year 2010-2011 web page at: www.arb.ca.gov/cc/adminfee/revenue.htm.

Which agencies are receiving funds from the fee?

Meeting California's AB 32 goals will require the combined efforts of many state agencies. The California State Budget for fiscal year 2010-2011 authorizes \$35.2 million in expenditures for AB 32 implementation activities to be funded by the fee. The funding is allocated among the seven state agencies listed below; the list of agencies may change from year-to-year through the continuing budget process.

- Air Resources Board
- Environmental Protection Agency
- Department of Resources Recycling and Recovery
- Department of Public Health
- State Water Resources Control Board
- Department of Water Resources
- Department of Housing and Community Development

Who pays the fee?

In general, fuel suppliers and some large industrial sources will report and/or pay the fee. There will be approximately 285 fee payers in the following industries:

- Large natural gas distributors and large users of natural gas
- Refineries
- Suppliers and importers of gasoline and diesel fuel
- Electricity importers and in-state generating facilities
- Facilities that combust coal and petroleum coke
- Cement manufacturers

Will the fee go up in future years? How do we know that state agencies will use the fee revenue appropriately?

ARB and the Department of Finance set up conservative, strict guidelines for agencies requesting resources to implement AB 32. All agencies must submit budget requests through the Governor's Office that must be approved by the Legislature and included in the state budget. Subsequently, all agencies must document and account for funds spent.

How is the amount of the fee determined each year?

The total amount collected each year will be based on the specific costs in the final signed state budget that is passed by the Legislature and signed by the Governor.

What has ARB done over the past three years with the loans they received for AB 32 implementation?

ARB has used the loans to implement the law in the first three years. The loans allowed ARB and Cal/EPA to hire new staff to develop the Scoping Plan, California's blueprint for reducing GHG emissions in the state. ARB has also developed and adopted regulations, such as the Low Carbon Fuel Standard, to reduce GHG emissions, and has designed resources to assist small businesses and local governments.

Where did the loans come from and how long will it take to pay them back?

ARB and Cal/EPA received loans from the Motor Vehicle Account and the Beverage Container Recycling Fund. These funds will be repaid over the next four fiscal years, starting with the fiscal year 2010-2011.

For More Information

If you have any additional questions regarding the regulation, please contact Robert DuVall at (916) 324-5930 or by email at rduvall@arb.ca.gov.

To obtain this document in an alternative format or language please contact the ARB's Helpline at (800) 242-4450 or at helpline@arb.ca.gov. TTY/TDD/ Speech to Speech users may dial 711 for the California Relay Service.